

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Global Plus 1D (CP2016-193)
Negotiated Service Agreements

Docket No. CP2017-242

PUBLIC REPRESENTATIVE COMMENTS ON NOTICE OF
THE UNITED STATES POSTAL SERVICE OF FILING MODIFICATION TWO TO A
GLOBAL PLUS 1D NEGOTIATED SERVICE AGREEMENT

(October 18, 2017)

INTRODUCTION

The Public Representative hereby provides comments pursuant to the Commission's notice initiating these dockets.¹ In this notice, the Commission established the above referenced docket to consider matters from interested persons, including the undersigned Public Representative, on the Postal Service's intent to modify a contract within the Global Plus 1D product on the grounds that the modified contract continues to meet the requirements for inclusion in this product.² The Notice of Modification filed by the Postal Service included redacted copies of the modification and a Certification of Compliance with 39 U.S.C. § 3633 as attachments and was filed along with redacted financial workpapers. Unredacted versions of these documents were also filed under seal.

Previously, the Commission authorized the addition of the Global Plus 1D product to the competitive product list and determined that the Global Plus 1D contract filed in Docket No. CP2016-193 should be included within the product.³ The Commission determined that individual Global Plus 1D contracts may be included in the

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, October 13, 2017.

² Notice of the United States Postal Service of Filing Modification Two to a Global Plus 1D Negotiated Service Agreement, October 12, 2017 (Notice of Modification). The Notice of Modification includes the following attachments: Attachment 1 is a redacted copy of the contract modification (Modification); Attachment 2 is a redacted Certification of Compliance with 39 U.S.C § 3633(a);

³ Order No. 3395, Order Adding Global Plus 1D to the Competitive Product List and Approval of Designation as Baseline Agreement, Docket No. CP2016-193, June 29, 2016. (Order No. 3395)

Global Plus 1D product if they are functionally equivalent to the Global Plus 1D baseline agreement and meet the requirements of 39 U.S.C. § 3633. Order No. 3395 at 5-6.

On August 2, 2017, the Postal Service filed an Initial Notice, which included redacted copies of the Original Contract and a Certification of Compliance as attachments.⁴ The Initial Notice was filed together with redacted financial workpapers. Unredacted versions of these documents were also filed under seal. After reviewing these documents, the Commission found that the Original Contract in the instant proceeding met the criteria for inclusion within the Global 1D product.⁵ In its analysis, the Commission established that the Original Contract was functionally equivalent to the baseline agreement and satisfied the requirements of 39 U.S.C. § 3633. Order No. 4046 at 4-5.

The Modification proposed in the Notice of Modification would adjust certain rates offered under the Original Contract and would go into effect on November 1, 2017. Notice of Modification at 1. The expiration date of the Original Contract, which is unaffected by the Modification, is August 31, 2018. Initial Notice at 3.

COMMENTS

After reviewing the Postal Service's Initial Notice, Notice of Modification, the unredacted Original Contract, Modification, Certification of Compliance, and supporting financial workpapers filed under seal, the Public Representative finds that the Original Contract and Modification together continue to meet the standards for inclusion within the Global Plus 1D product.

Functional Equivalence. The Public Representative concurs with the Commission's finding that the Original Contract warranted inclusion within the Global Plus 1D product. Order No. 4046 at 4. While the Postal Service does not provide an

⁴ Notice of The United States Postal Service of Filing a Functionally Equivalent Global Plus 1D Negotiated Service Agreement and Application for Non-Public Treatment of Materials Filed under Seal, August 2, 2017 (Initial Notice). The Initial Notice includes the following attachments: Attachment 1 is a redacted copy of the contract (Original Contract); Attachment 2 is a redacted Certification of Compliance with 39 U.S.C § 3633(a); Attachment 3 is a redacted copy of Governors' Decision No. 11-6; Attachment 4 is an application for non-public treatment of materials.

⁵ Order No. 4046, Order Approving Additional Global Plus 1D Negotiated Service Agreements and Conditionally Approving Modifications, August 16, 2017 (Order No. 4046).

argument establishing that the modified contract remains functionally equivalent with the baseline agreement, the Public Representative observes that the Modification adjusts the rates offered under the contract but does not fundamentally alter the services the Postal Service provides under it. Hence, the modified contract continues to meet the criteria for inclusion within the Global Plus 1D product.

Cost Considerations. Pursuant to 39 U.S.C. § 3633(a), the Postal Service must demonstrate that competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service. The Public Representative concurs with the Commission's earlier finding that the Original Contract meets these requirements. *Id.* at 5. The Postal Service has additionally certified that the modified contract will continue to comply with these requirements. Attachment 2 to Notice of Modification. Upon review, the financial workpapers filed under seal by the Postal Service indicate that the modified contract will continue to cover its costs and that this cost coverage is similar to previous contracts included within the Global Plus 1D product. Therefore, the Global Plus 1D product as a whole should continue to satisfy the requirements of 39 U.S.C. § 3633.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

Timothy J. Schwuchow
Public Representative

901 New York Ave. NW
Washington, DC 20268-0001
202-719-0738
timothy.schwuchow@prc.gov